

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1069-01
Bill No.: HB 272
Subject: Banks and Financial Institutions: Consumer Protection; Merchandising Practices
Type: Original
Date: January 30, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Develop - Divisions of Finance** and **Division of Credit Unions** stated that this proposal would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business that deal with “payday” loans could expect to be fiscally impacted by this proposal.

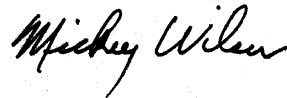
DESCRIPTION

This proposal makes several changes to the restrictions on unsecured loans of less than \$500 with a term of between 14 and 31 days, otherwise known as “payday” loans. The proposal prohibits lenders from charging more than \$15 for every \$100 of principal for the first 30 days of the loan. After 30 days, the lender may charge no more than 3% per month of the outstanding loan balance, whether made by the original lender or any entity associated with the lender. Current law allows the lender to collect up to 75% of the initial loan amount in interest or fees. The proposal also repeals language that allows a lender to treat the renewal of a loan as a new loan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Division of Finance
Division of Credit Unions



Mickey Wilson, CPA
Director
January 30, 2003